

Auditing Procedures Report

Issued under P.A. 2 of 1988, as amended and P.A. 71 of 1979, as amended

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name MONROE CHARTER TOWNSHIP	County MONROE
Fiscal Year End 12-31-07	Opinion Date 03-03-08	Date Audit Report Submitted to State 04-02-08	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

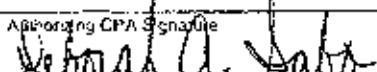
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	N/A	
Certified Public Accountant (Firm Name) COOLEY HEHL WOHLGAMUTH & CARLTON CPAs PLLC		Telephone Number 734-241-7200	
Street Address ONE SOUTH MONROE STREET		City MONROE	State Zip MI 48161
Authorizing CPA Signature 		Printed Name DEBORAH A. SABO	License Number 1101025211

MONROE CHARTER TOWNSHIP
Monroe County, Michigan

ANNUAL FINANCIAL REPORT
December 31, 2007

MONROE CHARTER TOWNSHIP

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Independent Auditor's Report

Township Board
Monroe Charter Township
Monroe County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Monroe Charter Township, Monroe County, Michigan as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Monroe Charter Township, Monroe County, Michigan management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Monroe Metropolitan Water Pollution Control System, a joint venture, which represent 100 percent of the business-type activities. Those financial statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Monroe Metropolitan Water Pollution Control System in the business-type activities columns, is based on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Monroe Charter Township, Monroe County, Michigan as of December 31, 2007, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 35 through 37, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Township Board
Monroe Charter Township

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Monroe Charter Township, Monroe County, Michigan's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Cooley Hehl Wohlgamuth & Carlton

March 3, 2008

MONROE CHARTER TOWNSHIP

Management's Discussion and Analysis Year Ended December 31, 2007

This section of the Monroe Charter Township's annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year ended December 31, 2007. Please read it in conjunction with the Township's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the Township's revenues and expenditures by program for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds.

The Governmental Accounting Standards Board (GASB) adopted this report in *Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June, 2000. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Monroe Charter Township financially as a whole. The *Government-Wide Financial Statements*, which include the statement of Net Assets and the Statement of Activities, provide information about the activities of the Township as a whole and presents both a short-term and a long-term view of those finances. The *Fund Financial Statements* provide the next level of detail. For governmental activities, these statements explain how services were financed in the short-term as well as what remains for future spending. The *Fund Financial Statements* report the Township's operations in more detail than the *Government-Wide Financial Statements* by providing information about the Township's most significant funds – the General Fund, the Central Sewer Special Revenue Fund, the Special Assessment Water District #66 Debt Fund, the Special Assessment Water District #70 Debt Fund, and the Park and Recreation Capital Project Fund. All other funds are presented in one column as nonmajor funds. The remaining statements, the Statement of Fiduciary Net Assets, presents financial information about activities for which the Township acts solely as an agent for the benefit of the public. The following summary illustrates how the various parts of this annual report are arranged:

Management's Discussion and Analysis (MD&A) (Required Supplemental Information)

Basic Financial Statements

Government-Wide Financial Statements Fund Financial Statements

Notes to the Basic Financial Statements

Budgetary Information for Major Funds (Required Supplemental Information)

Other Supplemental Information

MONROE CHARTER TOWNSHIP

Management's Discussion and Analysis *Year Ended December 31, 2007*

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities (pages 11-13), which appear first in the Township's financial statements, report information on the Township as a whole and its activities. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Township's net assets and changes in them. The change in net assets provides the reader a tool to assist in determining whether the Township's financial health is improving or deteriorating. The relationship between revenues and expenses indicates the Township's operating results. However, the Township's goal is to provide services to our residents, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the services provided and the safety of the public to assess the overall health of the Township.

The government-wide financial statements of the Township are divided into two categories:

- Governmental activities which encompasses all of the Township's services, including general government services, public safety, public works, culture and recreation. Property taxes, state grants, charges for services, and capital contributions finance most of these activities.
- Business-type activities which consists of the joint venture in the Monroe Metropolitan Water Pollution Control System.

Fund Financial Statements

The Township's Fund Financial Statements (pages 14-20) provide detailed information about the most significant or "major" funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township establishes other funds to control and manage money for particular purposes or to show that it is properly using revenues. The Township's two types of funds, governmental and fiduciary, use different accounting approaches as described below:

Governmental funds – All of the Township's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using the modified accrual accounting method, which measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the Township and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation format in the financial section on pages 16 and 19.

Fiduciary funds – An Agency Fund is used to account for assets held by the Township as an agent for the collection and disbursement of payroll, property taxes, and escrow accounts.

MONROE CHARTER TOWNSHIP

Management's Discussion and Analysis Year Ended December 31, 2007

Government-Wide Financial Analysis

The Statement of Net Assets provides the perspective of the Township as a whole. Table 1 provides a summary of the Township's net assets as of December 31, 2007 and 2006:

Table 1:

Condensed Statement of Net Assets December 31,

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets						
Current and other assets	\$6,813,400	\$9,127,246	\$0	\$0	\$6,813,400	\$9,127,246
Capital assets	8,206,513	5,646,414	0	0	8,206,513	5,646,414
Investment in joint venture	0	0	4,853,314	4,767,027	4,853,314	4,767,027
Total Assets	15,019,913	14,773,660	4,853,314	4,767,027	19,873,227	19,540,687
Liabilities						
Current and other liabilities	159,912	954,051	0	0	159,912	954,051
Long-term liabilities	1,370,413	1,633,311	0	0	1,370,413	1,633,311
Total Liabilities	1,530,325	2,587,362	0	0	1,530,325	2,587,362
Net Assets						
Invested in capital assets, net of related debt	7,665,191	4,901,452	3,862,233	3,848,317	11,527,424	8,749,769
Restricted for:						
Debt service	342,896	339,476	0	0	342,896	339,476
Public improvements	3,561,067	3,508,207	0	0	3,561,067	3,508,207
Street lights	2,080	0	0	0	2,080	0
Roads	186,496	1,118,540	0	0	186,496	1,118,540
Fire protection	436,513	640,273	0	0	436,513	640,273
Emergency revolving	26,337	26,337	0	0	26,337	26,337
Culture and recreation	216,901	208,117	0	0	216,901	208,117
Unrestricted	1,052,107	1,443,896	991,081	918,710	2,043,188	2,362,606
Total Net Assets	\$13,489,588	\$12,186,298	\$4,853,314	\$4,767,027	\$18,342,902	\$16,953,325

As depicted in Table 1, the Township's net assets were \$18.34 million at December 31, 2007. Of this amount, a positive \$2.0 million was unrestricted. This amount represents the *accumulated* results of all past years' operations. The unrestricted net asset balance is used for working capital and cash flow needs as well as to provide for future uncertainties. It means that if we had to pay off all our bills *today*, including all of our noncapital liabilities we could with our current resources. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the Township as a whole are reported in the Statement of Activities. Table 2 shows the changes in the net assets for the calendar year ended December 31, 2007 and 2006.

MONROE CHARTER TOWNSHIP

Management's Discussion and Analysis Year Ended December 31, 2007

Government-Wide Financial Analysis - Continued

Table 2:

Changes in Net Assets Year Ended December 31,

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues						
Program revenues						
Charges for services	\$386,240	\$355,696	\$1,446,738	\$1,301,753	\$1,832,978	\$1,657,449
Capital contributions	656,577	68,401	0	0	656,577	68,401
	<u>1,042,817</u>	<u>424,097</u>	<u>1,446,738</u>	<u>1,301,753</u>	<u>2,489,555</u>	<u>1,725,850</u>
General revenues						
Property taxes	1,598,327	1,492,309	0	0	1,598,327	1,492,309
State grants	972,901	1,009,921	0	0	972,901	1,009,921
Interest and penalties	445,702	401,059	39,892	29,676	485,594	430,735
Other general revenues	54,512	66,592	0	0	54,512	66,592
Disposal of capital asset	(3,626)	0	0	0	(3,626)	0
	<u>3,067,816</u>	<u>2,969,881</u>	<u>39,892</u>	<u>29,676</u>	<u>3,107,708</u>	<u>2,999,557</u>
Total Revenues	<u>4,110,633</u>	<u>3,393,978</u>	<u>1,486,630</u>	<u>1,331,429</u>	<u>5,597,263</u>	<u>4,725,407</u>
Functions/Program Expenses						
Legislative	76,515	66,926	0	0	76,515	66,926
General government	1,207,303	1,258,234	0	0	1,207,303	1,258,234
Public safety	828,435	652,643	0	0	828,435	652,643
Public works	575,779	1,020,825	0	0	575,779	1,020,825
Culture and recreation	51,005	48,278	0	0	51,005	48,278
Interest on long-term debt	68,306	79,061	0	0	68,306	79,061
Water pollution control system	0	0	1,400,343	1,388,792	1,400,343	1,388,792
Total Expenses	<u>2,807,343</u>	<u>3,125,967</u>	<u>1,400,343</u>	<u>1,388,792</u>	<u>4,207,686</u>	<u>4,514,759</u>
Increase (Decrease) in Net Assets	<u>\$1,303,290</u>	<u>\$268,011</u>	<u>\$86,287</u>	<u>(\$57,363)</u>	<u>\$1,389,577</u>	<u>\$210,648</u>

MONROE CHARTER TOWNSHIP

Management's Discussion and Analysis *Year Ended December 31, 2007*

Government-Wide Financial Analysis - Concluded

As indicated in Table 2, the cost of *all governmental* activities this year was \$2.8 million. Of this amount, \$1.0 million was subsidized with revenue generated from charges for services, grants, and other contributions with the remaining costs financed with general revenues. The cost of *business-type* activities this year was \$1.4 million which was subsidized with revenue generated from charges for services.

The Township's governmental activities experienced an increase in net assets of \$1,303,290. Compared to 2006, revenues increased by \$716,655 and expenses decreased by \$318,624. There was an increase in revenues for charges for services, capital contributions, property taxes, and interest. There was a decrease in state grants and other revenue.

Fund Financial Analysis

As noted earlier, the Township uses funds to help control and manage money for particular purposes. Looking at funds helps the reader consider whether Monroe Charter Township is being held accountable for the resources taxpayers and others provide to it and may give more insight into the Township's overall financial health.

As the Township completed this year, the governmental funds reported a combined fund balance of \$5,994,776, which is a decrease of \$1,447,202 from last year. The changes by fund types are as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Retirement Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
Fund balances – Beginning of year	\$1,737,645	\$3,459,325	\$262,545	\$1,982,463	\$7,441,978
Increase (decrease)	<u>(411,447)</u>	<u>62,321</u>	<u>32,929</u>	<u>(1,131,005)</u>	<u>(1,447,202)</u>
Fund balances – End of year	\$1,326,198	\$3,521,646	\$295,474	\$851,458	\$5,994,776

The decrease of the fund balance in the Township's General Fund was due primarily to the transfers out to other funds. The General Fund transferred \$47,146 to the Fire and Safety Capital Project Fund for capital outlay expenditures and debt service, and \$2,100,000 was transferred to the Park and Recreation Capital Project Fund for expenses related to the development and construction of the new Township park.

MONROE CHARTER TOWNSHIP

Management's Discussion and Analysis

Year Ended December 31, 2007

Fund Financial Analysis - Concluded

The tables that follow assist in illustrating the financial activities of the General Fund.

	December 31, 2007	December 31, 2006	Percent Change
Revenue			
Property taxes and special assessments	\$1,598,327	\$ 842,506	89.71 %
Licenses and permits	224,398	211,168	6.26 %
State grants	979,072	1,016,110	(3.65)%
Charges for services	17,125	7,969	114.90 %
Interest	218,409	213,518	2.29 %
Other	71,608	88,571	(19.15)%
Transfer in	<u>700,000</u>	<u>28,263</u>	2,376.74 %
Total revenues	<u>\$3,808,939</u>	<u>\$2,408,105</u>	58.17 %

The Township's expenditures increased from \$3,078,970 in 2006 to \$4,220,386 in 2007. This was an increase of \$1,141,416. There were increases in expenditures for legislative, public safety, debt service, and other expenditures. There was a large increase in operating transfers out for capital projects.

	December 31, 2007	December 31, 2006	Percent Change
Expenditures			
Legislative	\$ 63,918	\$ 58,493	9.27 %
General government	880,123	966,054	(8.90)%
Public safety	549,209	403,648	36.06 %
Public works	40,178	45,574	(11.84)%
Culture and recreation	37,570	38,678	(2.86)%
Capital outlay	799	722	10.66 %
Debt service	32,730	-	100.00 %
Other	468,713	396,977	18.07 %
Operating transfers out	<u>2,147,146</u>	<u>1,168,804</u>	83.70 %
Total Expenditures	<u>\$4,220,386</u>	<u>\$3,078,970</u>	37.07 %

MONROE CHARTER TOWNSHIP

Management's Discussion and Analysis Year Ended December 31, 2007

General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires the Charter Township Board to adopt the original budget prior to January 1, the start of the fiscal year. Over the course of the year, the Township revises its budget as it attempts to deal with the unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule illustrating the Township's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these statements. Revisions to the General Fund budget were as follows:

Revenues - The original budget of \$3,108,102 was amended to \$3,792,536. The amendments were for an increase to interest and a transfer. Decreases to budget line items were for tax revenue, licenses and permits, grant revenue, and other revenue.

Expenditures - The original budget of \$3,228,850 was adjusted to \$4,507,462. The major amendment was an increase for transfers to other funds of \$2,147,146. The transfers were for capital projects: fire safety and development of the new Township park.

Capital Asset and Debt Administration Capital Assets

At December 31, 2007, the Township had \$8.2 million invested in a broad range of capital assets, including land, construction in progress, buildings and building improvements, machinery and equipment, vehicles, and water lines. This amount represents a net increase (including additions and disposals) of \$2,762,135 from last year. This year's additions of \$2,774,524 included park construction, land for the park, police car, fire equipment, building improvements, and office equipment. There were disposals of office equipment of \$7,346, and fire equipment of \$5,043. Depreciation for this year totaled \$210,799. Details regarding capital assets are included in Note 6 to the financial statements.

Debt Administration

On December 31, 2007, the Township's debt for special assessment bonds and general obligation bonds was \$810,000. The special assessment bonds are paid with special assessments, and the general obligation bonds are paid by the General Fund. The note payable for the new fire station, that was completed in 2002, was \$541,322 at year end. The fire station note payable was paid from the Fire and Safety Capital Project Fund. Details regarding long-term debt are included in Note 7 to the financial statements.

Development of the 2008 Fiscal Year Budget

The Monroe Charter Township Board considers many factors when setting the 2008 fiscal year budget. The budget is based primarily on the previous years spending patterns as well as goals set forth by the Township Board. Foresight is given to the uncertainty of State Shared Revenues which accounts for 30% of the Township's total revenue. Monroe Charter Township continues to monitor and control the rising cost of governmental services, as it plans for the future and assesses the needs, the health and safety, and the desires of its residents. In 2008, the Township will continue to reassess its health care costs and programs for employees. The 2008 budget also includes one major road project to be completed. The extension of Seventh Street between Patterson Drive to Herr Road is scheduled to be completed. In addition to this road project, the Township plans to move forward with the Five-Year Parks and Recreation Master Plan. This includes the continued construction of a new park facility on approximately 37 acres adjacent to the Township Hall. The park already consists of 12 new ball diamonds, and construction is scheduled for a pavilion/concession area, additional parking, and a boundless playground area in 2008.

MONROE CHARTER TOWNSHIP

Management's Discussion and Analysis

Year Ended December 31, 2007

Development of the 2008 Fiscal Year Budget - Concluded

Future construction also includes 2 additional play areas, tennis courts, volleyball courts, basketball courts, and a hiking/nature trail. The park plan is being completed in four phases with phase 2 and a portion of phase 3 scheduled to be completed in 2008. The boundless playground will be completed with a \$52,000 grant from the Monroe County Community Foundation Access to Recreation Grant and an additional \$78,000 match from the Township. Tree planting for the park will be assisted with a \$3,000 grant from DTE Energy. The Township has also applied for additional grant monies from the Michigan Department of Natural Resources and will seek monies from private corporations. The Township will continue to assess the needs of the Volunteer Fire Department and the need for an auxiliary northwest fire station on Herr Road. In 2008, the Township will also complete the final review and adoption of a new Zoning Ordinance and update the General Code of Ordinances.

Contacting Monroe Charter Township

This financial report is designed to provide the Township's citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to demonstrate their accountability for the money it receives. If you have any questions about this report or need additional information, contact the Monroe Charter Township Clerk, 4925 East Dunbar Road, Monroe, MI 48161.

MONROE CHARTER TOWNSHIP

Statement of Net Assets December 31, 2007

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$2,189,040	\$0	\$2,189,040
Certificate of deposit	3,505,115	0	3,505,115
Receivables:			
Accounts and accrued interest	247,522	0	247,522
Special assessments	626,687	0	626,687
Sewer taps	1,000	0	1,000
Due from other governmental units	161,275	0	161,275
Prepaid expenses	82,761	0	82,761
Net investment in Monroe Metropolitan Water Pollution Control System	0	4,853,314	4,853,314
Depreciable capital assets, net	8,206,513	0	8,206,513
Total Assets	15,019,913	4,853,314	19,873,227
Liabilities			
Accounts payable	136,814	0	136,814
Accrued interest payable	23,098	0	23,098
Long-term liabilities:			
Due within one year	273,311	0	273,311
Due in more than one year	1,097,102	0	1,097,102
Total Liabilities	1,530,325	0	1,530,325
Net Assets			
Invested in capital assets, net of related debt	7,665,191	3,862,233	11,527,424
Restricted for:			
Debt service	342,896	0	342,896
Public improvements	3,561,067	0	3,561,067
Streetlights	2,080	0	2,080
Roads	186,496	0	186,496
Fire protection	436,513	0	436,513
Emergency revolving	26,337	0	26,337
Culture and recreation	216,901	0	216,901
Unrestricted	1,052,107	991,081	2,043,188
Total Net Assets	\$13,489,588	\$4,853,314	\$18,342,902

See accompanying notes to the basic financial statements.

MONROE CHARTER TOWNSHIP

Statement of Activities Year Ended December 31, 2007

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Capital Grants and Contributions
Primary government:			
Governmental activities:			
Legislative	\$76,515	\$0	\$0
General government	1,207,303	251,156	0
Public safety	828,435	941	13,125
Public works	575,779	134,143	23,552
Culture and recreation	51,005	0	619,900
Interest on long-term debt	68,306	0	0
Total governmental activities	2,807,343	386,240	656,577
Business-type activities:			
Water pollution control system	1,400,343	1,446,738	0
Total primary government	\$4,207,686	\$1,832,978	\$656,577

General Revenues:

Property taxes
State grants
Interest and penalties
Other
Disposal of capital asset

Total General Revenues

Change in Net Assets

Net Assets - Beginning of year

Net Assets - End of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets Primary Government		
Governmental Activities	Business-type Activities	Total
(\$76,515)	\$0	(\$76,515)
(956,147)	0	(956,147)
(814,369)	0	(814,369)
(418,084)	0	(418,084)
568,895	0	568,895
(68,306)	0	(68,306)
(1,764,526)	0	(1,764,526)
0	46,395	46,395
(1,764,526)	46,395	(1,718,131)
1,598,327	0	1,598,327
972,901	0	972,901
445,702	39,892	485,594
54,512	0	54,512
(3,626)	0	(3,626)
3,067,816	39,892	3,107,708
1,303,290	86,287	1,389,577
12,186,298	4,767,027	16,953,325
\$13,489,588	\$4,853,314	\$18,342,902

MONROE CHARTER TOWNSHIP

Governmental Funds Balance Sheet December 31, 2007

		Special Revenue Fund
	General	Central Sewer
Assets		
Cash and cash equivalents	\$943,903	\$28,922
Certificate of deposit	82,975	3,334,602
Receivables:		
Special assessment	0	0
Accounts and accrued interest	186,823	29,001
Sewer tap	0	1,000
Due from other governmental units	70,782	0
Prepaid expenses	82,761	0
Total Assets	\$1,367,244	\$3,393,525
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$41,046	\$0
Deferred revenue	0	800
Total Liabilities	41,046	800
Fund Balances		
Reserved for prepaid expenditures	82,761	0
Reserved for debt service	0	0
Unreserved:		
Designated for emergencies	0	0
Unreserved:		
Undesignated, reported in:		
General Fund	1,243,437	0
Special Revenue Funds	0	3,392,725
Capital Project Funds	0	0
Total Fund Balances	1,326,198	3,392,725
Total Liabilities and Fund Balances	\$1,367,244	\$3,393,525

See accompanying notes to the basic financial statements.

Debt Service Funds		Capital Project Fund	Other	Total
Special Assessment Water District #66	Special Assessment Water District #70	Park and Recreation	Nonmajor Governmental Funds	Governmental Funds
\$47,449	\$43,457	\$258,180	\$867,129	\$2,189,040
0	0	0	87,538	3,505,115
71,813	334,033	0	220,841	626,687
4,165	20,080	0	7,453	247,522
0	0	0	0	1,000
28,123	14,027	0	48,343	161,275
0	0	0	0	82,761
<u>\$151,550</u>	<u>\$411,597</u>	<u>\$258,180</u>	<u>\$1,231,304</u>	<u>\$6,813,400</u>
\$0	\$0	\$41,279	\$54,489	\$136,814
92,849	329,452	0	258,709	681,810
92,849	329,452	41,279	313,198	818,624
0	0	0	0	82,761
58,701	82,145	0	154,628	295,474
0	0	0	26,337	26,337
0	0	0	0	1,243,437
0	0	0	102,584	3,495,309
0	0	216,901	634,557	851,458
<u>58,701</u>	<u>82,145</u>	<u>216,901</u>	<u>918,106</u>	<u>5,994,776</u>
<u>\$151,550</u>	<u>\$411,597</u>	<u>\$258,180</u>	<u>\$1,231,304</u>	<u>\$6,813,400</u>

MONROE CHARTER TOWNSHIP

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets

December 31, 2007

Total Fund Balances - Governmental Funds		\$5,994,776
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Cost of the capital assets	10,006,885	
Accumulated depreciation	<u>(1,800,372)</u>	8,206,513
Other long-term assets are not available to pay for current-period expenditures and therefore are offset by deferred revenue in the funds.		681,810
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	(810,000)	
Loan payable	(541,322)	
Accrued interest	(23,098)	
Compensated absences	<u>(19,091)</u>	(1,393,511)
Total Net Assets - Governmental Activities		<u>\$13,489,588</u>

See accompanying notes to the basic financial statements.

MONROE CHARTER TOWNSHIP

*Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2007*

		<u>Special Revenue Fund</u>
	<u>General</u>	<u>Central Sewer</u>
Revenues		
Property taxes and special assessments	\$1,598,327	\$23,750
Licenses and permits	224,398	0
State grants	979,072	0
Contributions from local units	0	0
Charges for services	17,125	0
Interest and penalties	218,409	174,622
Other revenue	71,608	0
Total Revenues	3,108,939	198,372
Expenditures		
Legislative	63,918	0
General government	880,123	0
Public safety	549,209	0
Public works	40,178	149,549
Culture and recreation	37,570	0
Other	468,713	0
Capital outlay	799	0
Capital projects	0	0
Debt service	32,730	0
Total Expenditures	2,073,240	149,549
Excess (Deficiency) of Revenues Over Expenditures	1,035,699	48,823
Other Financing Sources (Uses)		
Operating transfers in	700,000	0
Operating transfers out	(2,147,146)	0
Total Other Financing Sources (Uses)	(1,447,146)	0
Net Change in Fund Balances	(411,447)	48,823
Fund Balances - Beginning of year	1,737,645	3,343,902
Fund Balances - End of year	\$1,326,198	\$3,392,725

See accompanying notes to the basic financial statements.

Debt Service Funds		Capital Project Fund	Other	Total
Special Assessment Water District #66	Special Assessment Water District #70	Park and Recreation	Nonmajor Governmental Funds	Governmental Funds
\$13,819	538,730	\$0	\$152,673	\$1,827,299
0	0	0	0	224,398
0	0	0	0	979,072
0	0	619,900	13,125	633,025
0	0	0	0	17,125
5,070	20,847	0	13,650	432,598
0	0	220	6,362	78,190
18,889	59,577	620,120	185,810	4,191,707
0	0	0	0	63,918
0	0	0	0	880,123
0	0	0	0	549,209
0	0	0	126,486	316,213
0	0	0	0	37,570
0	0	0	0	468,713
0	0	2,711,336	0	2,712,135
0	0	0	510,193	510,193
14,411	38,975	0	14,719	100,835
14,411	38,975	2,711,336	651,398	5,638,909
4,478	20,602	(2,091,216)	(465,588)	(1,447,202)
0	0	2,100,000	47,146	2,847,146
0	0	0	(700,000)	(2,847,146)
0	0	2,100,000	(652,854)	0
4,478	20,602	8,784	(1,118,442)	(1,447,202)
54,223	61,543	208,117	2,036,548	7,441,978
\$58,701	\$82,145	\$216,901	\$918,106	\$5,994,776

MONROE CHARTER TOWNSHIP

*Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended December 31, 2007*

Net Change in Fund Balances - Total Governmental Funds		(\$1,447,202)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures:		
in the statement of activities, these costs are allocated over their estimated useful lives as depreciation expense.		
Capital outlay	2,774,524	
Depreciation expense	<u>(210,799)</u>	
		2,563,725
Increases in the liability for compensated absences are reported as an expenditure in the statement of activities, but not in the governmental funds.		
		(742)
Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid.		
		4,943
Repayments of long term debt are an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt).		
		263,640
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		
		(77,448)
Net book value of the disposal of capital assets reduces the net assets in the statement of activities; but does not affect the governmental funds.		
		<u>(3,626)</u>
Change in Net Assets of Governmental Activities		<u>\$1,303,290</u>

See accompanying notes to the basic financial statements.

MONROE CHARTER TOWNSHIP

Agency Funds Statement of Fiduciary Net Assets December 31, 2007

	<u>Agency General</u>	<u>Tax Collection</u>	<u>Escrow Accounts</u>	<u>Totals</u>
Assets				
Cash	\$66,812	\$2,096,088	\$57,240	\$2,220,140
Receivables:				
Accounts	4,464	0	0	4,464
Taxes	<u>0</u>	<u>7,164,260</u>	<u>0</u>	<u>7,164,260</u>
Total Assets	<u>\$71,276</u>	<u>\$9,260,348</u>	<u>\$57,240</u>	<u>\$9,388,864</u>
 Liabilities				
Due to other governmental units	\$67,556	\$3,226	\$0	\$70,782
Due to taxing authorities	0	9,257,122	0	9,257,122
Due to property owners	0	0	57,240	57,240
Due to other local units	<u>3,720</u>	<u>0</u>	<u>0</u>	<u>3,720</u>
Total Liabilities	<u>\$71,276</u>	<u>\$9,260,348</u>	<u>\$57,240</u>	<u>\$9,388,864</u>

See accompanying notes to the basic financial statements.

MONROE CHARTER TOWNSHIP

Notes to Financial Statements
Year Ended December 31, 2007

Note 1 Description of the Township and Reporting Entity

The Township operates under a locally elected seven member Board form of government and provides the following services: public safety (fire), highways and streets, culture and recreation, public improvements, planning and zoning, and general administrative services.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the Township consists of all funds, departments, boards, and agencies that are not legally separate from the Township.

Component units are legally separate organizations for which the Township is financially accountable. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt, or the levying of taxes. The Township has no component units.

The following entity is a joint venture which is not included in the governmental fund financial statements but is included as a business-type activity in the government-wide financial statements.

MONROE METROPOLITAN WATER POLLUTION CONTROL SYSTEM

This is a joint venture between Monroe Charter Township, Frenchtown Charter Township, City of Monroe, and the County of Monroe to provide a wastewater treatment system to these municipalities located within the County of Monroe.

Note 2 Summary of Significant Accounting Policies

The financial statements of Monroe Charter Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Council (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the Township's accounting policies.

Basis of Presentation

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities which rely, to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Amounts reported as program revenue include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. General revenue includes taxes, intergovernmental payments, sales of property, and other items not properly included among program revenues.

Separate financial statements are provided for governmental funds, and agency funds, even though the latter are excluded from the government-wide financial statements. Individual major governmental funds are reported as separate columns in the fund financial statements.

MONROE CHARTER TOWNSHIP

*Notes to Financial Statements
Year Ended December 31, 2007*

Note 2 Summary of Significant Accounting Policies

Basis of Presentation (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Governmental fund expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

On the governmental funds statements, property taxes, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Agency fund statements also are reported using the economic resources measurement focus and the cash basis of accounting.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. The General Fund accounts for all financial resources of the Township, except those required to be accounted for in another fund.

The Special Revenue Fund - Central Sewer accounts for the collection of sanitary sewer district special assessments and their disposition.

The Debt Fund - Special Assessment Water District #66 accounts for the payment of special assessment bond principal and interest from special assessment levies for Telegraph Road.

The Debt Fund - Special Assessment Water District #70 accounts for the payment of special assessment bond principal and interest from special assessment levies for Hull Road.

MONROE CHARTER TOWNSHIP

Notes to Financial Statements *Year Ended December 31, 2007*

Note 2 Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Concluded)

The Capital Project Fund - Park accounts for moneys set aside to be used for specific capital projects.

The Township reports the following nonmajor governmental funds:

The Special Revenue Fund - Emergency Revolving, Special Revenue Fund - Street Light, Special Revenue Fund - Water District #68, Special Revenue Fund - Water District #69, Debt Service Fund - Water District #47, Debt Service Fund - Special Assessment Water District #64, Debt Service Fund - Special Assessment Water District #65, Debt Service Fund - Special Assessment Water District #66, Debt Service Fund - Special Assessment Water District #67, Capital Project Fund - Fire and Safety, and Capital Project Fund - Roads.

C. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Property Tax Receivable - Property taxes are assessed as of December 31 and the related property taxes become a lien on July 1 and December 1 of the following year. Summer taxes are considered delinquent July 31, and winter taxes are considered delinquent February 14 of the following year.

Prepaid Assets - Payments made to vendors for services that will benefit periods beyond December 31, 2007, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets - General capital assets are those assets related to the general activities and expenditures reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Township maintains a capitalization threshold of one thousand dollars and an estimated useful life in excess of one year. The Township has elected not to retroactively report infrastructure assets. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

MONROE CHARTER TOWNSHIP

Notes to Financial Statements
Year Ended December 31, 2007

Note 2 Summary of Significant Accounting Policies (Continued)
Basis of Presentation (Continued)
C. Assets, Liabilities, and Net Assets or Equity (Continued)

All reported capital assets, other than land, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvement	20 years
Buildings and Buildings Improvements	10-50 years
Machinery and Equipment	3-10 years
Vehicles	5-25 years

Interfund Balances - On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/from other funds." These amounts are eliminated in the governmental activities column of the statement of net assets.

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Payments of long-term loans that are paid from governmental funds are recognized as an expenditure on the governmental fund financial statements when due.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

Interfund Transactions - Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

Fund Balance Reserves and Designations - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

MONROE CHARTER TOWNSHIP

Notes to Financial Statements *Year Ended December 31, 2007*

Note 2 Summary of Significant Accounting Policies (Concluded)

Basis of Presentation (Concluded)

C. Assets, Liabilities, and Net Assets or Equity (Concluded)

Compensated Absences - Township employees are granted vacation, personal, and sick days under formulas and conditions in the personnel policy manual. All earned vacation must be taken within the calendar year. Vacation time not used during the year will not accrue and will be lost. Personal days must be used and no accrual is allowed. Full-time employees earn five days of sick leave per calendar year. Unused sick time is paid out at the end of each calendar year. Part-time regular employees, after ninety days of continuous employment, shall receive prorated sick days according to the number of hours worked. As of December 31, 2003, any sick time became "banked sick days." Banked sick time can only be used after current sick time has been exhausted. Employees will receive a banked sick day compensation payment at one-half rate for the total accumulated sick days with the regular hourly rate in effect at the date of resignation or dismissal. Banked sick days are accrued in the government-wide financial statements. In the fund financial statements, these accounts are reported when paid.

D. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

E. Extraordinary and Special Items - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Township and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2007.

F. Budgetary Policies - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and all Special Revenue Funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Township Board at the function level. Any budgetary modifications may only be made by resolution of the Township Board.

The Township follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

1. Prior to October 31, the fiscal officer submits to the Township Board a proposed operating budget for the fiscal year commencing on January 1.
2. A public hearing is conducted during October to obtain taxpayer comments.
3. Prior to October 31, the budget is legally enacted through passage of a resolution.
4. During the year the budget is monitored, and amendments to the budget are made when deemed necessary.
5. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. Lapsing of Appropriations - At the close of each year all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriations.

MONROE CHARTER TOWNSHIP

Notes to Financial Statements Year Ended December 31, 2007

Note 3 Stewardship, Accountability and Compliance

The Township shall not incur expenditures in excess of the amount appropriated. Annual budgets are adopted on a basis that is consistent with generally accepted accounting principles and State Law for the General and Special Revenue Funds.

In the required supplemental information, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis, which is the adopted legal level of control.

During the year ended December 31, 2007, expenditures exceeded final budgeted amounts in the following funds:

	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Park and Recreation Fund	\$2,408,338	\$2,711,336	\$(302,998)

Note 4 Deposits

Statutes authorize the Township to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; commercial paper within the three highest rate classifications by at least two rating services; bankers' acceptances of U.S. banks, U.S. or agency repurchase agreements; savings accounts and certificates of deposit with banks and savings and loan associations, or credit unions which are insured with the applicable federal agency. Public funds of the Township may not be deposited in financial institutions located in states other than Michigan.

Public Act 367 of 1982 (known as the Surplus Funds Investment Pool Act) enables municipalities to invest surplus operating funds in investment pools managed by qualified financial institutions. At December 31, 2007, the Township had invested in such a fund with a local bank. The Township is able to retrieve these funds without restriction and, accordingly, this amount is considered to be available cash. The local bank invests these funds in a variety of instruments including bonds and direct obligations of the United States, certificates of deposit, commercial paper rated within the three highest classifications by not less than two standard rating services, United States government or federal agency obligation repurchase agreements and bankers acceptances of the United States banks.

The Township believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, and since State of Michigan legislation does not require that all deposits be collateralized, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk at each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The Board has adopted an investment policy authorizing certain types of investments and authorized three depositories: Monroe Bank & Trust, Fifth Third Bank, and LaSalle Bank.

Interest rate risk. The Township's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The Township will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities listed in the Township's investment policy.

Concentration of credit risk. The Township does not place any limits on the amount the Township may deposit or invest in any one issuer.

MONROE CHARTER TOWNSHIP

Notes to Financial Statements

Year Ended December 31, 2007

Note 4 Deposits (Concluded)

Custodial credit risk. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Township's deposits may not be returned or the Township will not be able to recover the collateral securities in the possession of an outside party. The Township has \$8,340,600 invested in certificates of deposit, checking accounts, and money markets. The Township's deposits are insured by the FDIC in the amount of \$259,560, with uninsured deposits of \$8,081,040. The Township's deposits are at institutions with an established record of fiscal health and service. The Township Board approves and designates a list of authorized depository institutions. The Township's investment policy does not address deposit risk.

Foreign currency risk. The Township is not authorized to invest in investments which have this type of risk.

Note 5 Interfund Transfers

Interfund transfers for the year ended December 31, 2007, consisted of the following:

	<u>Transfers Out</u>		
	<u>General Fund</u>	<u>Roads</u>	<u>Total</u>
<u>Transfers In:</u>			
General Fund	\$ -	\$700,000	\$700,000
<u>Capital Project Funds:</u>			
Fire and Safety	47,146	-	47,146
Park and Recreation	<u>2,100,000</u>	<u>-</u>	<u>2,100,000</u>
Total	<u>\$2,147,146</u>	<u>\$700,000</u>	<u>\$2,847,146</u>

The transfer from the Roads Capital Project Fund to the General Fund was to contribute to the General Fund's transfer to the Park and Recreation Capital Project Fund. The transfer from General Fund to the Park and Recreation Fund is for the Park capital outlay and construction. The transfer from the General Fund to the Fire and Safety Capital Project Fund was for the debt service payment of the Fire Hall note.

MONROE CHARTER TOWNSHIP

Notes to Financial Statements
Year Ended December 31, 2007

Note 6

Capital Assets

Capital asset activity for the fiscal year ended December 31, 2007, was as follows:

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
Governmental Activities:				
Assets not being depreciated:				
Land	\$956,737	\$ 357,500	\$0	\$1,314,237
Construction in progress:			0	
Park	67,193	2,353,836	0	2,421,029
	<u>1,023,930</u>	<u>2,711,336</u>	<u>0</u>	<u>3,735,266</u>
Capital assets being depreciated:				
Buildings and building improvements	2,508,898	1,660	0	2,510,558
Machinery and Equipment	720,055	32,106	12,389	739,772
Vehicles	1,849,547	29,422	0	1,878,969
Water lines	1,142,320	0	0	1,142,320
	<u>6,220,820</u>	<u>63,188</u>	<u>12,389</u>	<u>6,271,619</u>
Total capital assets	<u>7,244,750</u>	<u>2,774,524</u>	<u>12,389</u>	<u>10,006,885</u>
Less accumulated depreciation for:				
Building and building improvements	(426,582)	(43,409)	0	(469,991)
Machinery and Equipment	(284,218)	(60,506)	(8,763)	(335,961)
Vehicles	(772,336)	(84,038)	0	(856,374)
Water lines	(115,200)	(22,846)	0	(138,046)
	<u>(1,598,336)</u>	<u>(210,799)</u>	<u>(8,763)</u>	<u>(1,800,372)</u>
Total accumulated depreciation	<u>(1,598,336)</u>	<u>(210,799)</u>	<u>(8,763)</u>	<u>(1,800,372)</u>
Net capital assets	<u>\$5,646,414</u>	<u>\$2,563,725</u>	<u>\$3,626</u>	<u>\$8,206,513</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 32,025
Public safety	155,928
Public works	<u>22,846</u>
Total governmental activities	<u>\$210,799</u>

MONROE CHARTER TOWNSHIP

Notes to Financial Statements
Year Ended December 31, 2007

Note 7 **Long-Term Debt**

The following is a summary of long-term debt outstanding as of December 31, 2007:

	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Maturity Dates</u>	<u>Original Amount of Issue</u>	<u>Balance Outstanding</u>
<u>Special Assessment Bonds:</u>					
Water District #64, #65, #66, & #67	4.8%	4/1/98	2/1/99-2017	\$ 335,000	\$ 175,000
Water District #70	4.75-4.8%	11/08/05	05/01/07-2026	405,000	385,000
<u>General Obligation Bonds:</u>					
Water District #64, #65, #66, & #67	4.68%	4/1/98	2/1/99-2017	385,000	250,000
Loan Payable: Fire Hall	4.61%	1/16/02	1/16/03-2010	1,868,500	<u>541,322</u>
					<u>\$1,351,322</u>

Changes in bond and loan principal during 2007 are summarized as follows:

	<u>Balance December 31, 2006</u>	<u>Addition</u>	<u>Retired</u>	<u>Balance December 31, 2007</u>	<u>Due In One Year</u>
Special Assessment Bonds Payable	\$ 600,000	\$ -	\$ 40,000	\$ 560,000	\$ 40,000
General Obligation Bonds Payable	270,000	-	20,000	250,000	20,000
Note Payable Fire Hall	<u>744,962</u>	<u>-</u>	<u>203,640</u>	<u>541,322</u>	<u>213,311</u>
	<u>\$1,614,962</u>	<u>\$ -</u>	<u>\$263,640</u>	<u>\$1,351,322</u>	<u>\$273,311</u>

MONROE CHARTER TOWNSHIP

Notes to Financial Statements

Year Ended December 31, 2007

Note 7 Long-Term Debt (Continued)

The annual requirements to pay principal and interest on the long-term debt outstanding at December 31, 2007, are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 273,311	\$ 60,007	\$ 333,318
2009	278,356	47,213	325,569
2010	159,655	34,321	193,976
2011	60,000	29,135	89,135
2012	65,000	26,145	91,145
2013-2017	330,000	84,435	414,435
2018-2022	100,000	32,125	132,125
2023-2026	<u>85,000</u>	<u>8,475</u>	<u>93,475</u>
	<u>\$1,351,322</u>	<u>\$321,856</u>	<u>\$1,673,178</u>

The following are schedules of remaining principal and interest requirements for the special assessment bonds and general obligation bonds as of December 31, 2007.

Special Assessment Bonds

Water District #64, #65, #66, and #67 water mains - \$335,000 bond issued dated April 1, 1998 by Monroe Charter Township.

<u>Year</u>	<u>Interest Due</u>		<u>Principal Due</u>	<u>Total Requirements</u>
	<u>February 1</u>	<u>August 1</u>	<u>February 1</u>	
2008	\$ 4,200	\$ 3,720	\$ 20,000	\$ 27,920
2009	3,720	3,360	15,000	22,080
2010	3,360	3,000	15,000	21,360
2011	3,000	2,640	15,000	20,640
2012	2,640	2,160	20,000	24,800
2013	2,160	1,680	20,000	23,840
2014	1,680	1,200	20,000	22,880
2015	1,200	840	15,000	17,040
2016	840	480	15,000	16,320
2017	<u>480</u>	<u>-</u>	<u>20,000</u>	<u>20,480</u>
	<u>\$23,280</u>	<u>\$19,080</u>	<u>\$175,000</u>	<u>\$217,360</u>

MONROE CHARTER TOWNSHIP

Notes to Financial Statements Year Ended December 31, 2007

Note 7 Long-Term Debt (Continued)

Water District #70 water main - \$405,000 bond issued dated November 8, 2005 by Monroe Charter Township.

Year	Interest Due		Principal Due	Total
	May 1	November 1	May 1	Requirements
2008	\$ 9,150	\$ 8,675	\$ 20,000	\$ 37,825
2009	8,675	8,200	20,000	36,875
2010	8,200	7,725	20,000	35,925
2011	7,725	7,250	20,000	34,975
2012	7,250	6,775	20,000	34,025
2013	6,775	6,300	20,000	33,075
2014	6,300	5,825	20,000	32,125
2015	5,825	5,350	20,000	31,175
2016	5,350	4,875	20,000	30,225
2017	4,875	4,400	20,000	29,275
2018	4,400	3,925	20,000	28,325
2019	3,925	3,450	20,000	27,375
2020	3,450	2,975	20,000	26,425
2021	2,975	2,500	20,000	25,475
2022	2,500	2,025	20,000	24,525
2023	2,025	1,550	20,000	23,575
2024	1,550	1,075	20,000	22,625
2025	1,075	600	20,000	21,675
2026	600	-	25,000	25,600
	<u>\$92,625</u>	<u>\$83,475</u>	<u>\$385,000</u>	<u>\$561,100</u>

General Obligation Bonds

Water District #64, #65, #66 and #67 water mains - \$385,000 bond issue dated April 1, 1998 by Monroe Charter Township.

Year	Interest Due		Principal Due	Total
	February 1	August 1	February 1	Requirements
2008	\$ 6,000	\$ 5,520	\$ 20,000	\$ 31,520
2009	5,520	5,040	20,000	30,560
2010	5,040	4,560	20,000	29,600
2011	4,560	3,960	25,000	33,520
2012	3,960	3,360	25,000	32,320
2013	3,360	2,760	25,000	31,120
2014	2,760	2,160	25,000	29,920
2015	2,160	1,560	25,000	28,720
2016	1,560	840	30,000	32,400
2017	840	-	35,000	35,840
	<u>\$35,760</u>	<u>\$29,760</u>	<u>\$250,000</u>	<u>\$315,520</u>

MONROE CHARTER TOWNSHIP

Notes to Financial Statements *Year Ended December 31, 2007*

Note 7 Long-Term Debt (Concluded)

Loan Payable

2002 Fire Hall Note - on January 16, 2002, the Township entered into a purchase agreement with Monroe Bank & Trust. The purchase agreement is to provide/build a fire hall for a total aggregate purchase price of \$1,868,500; the Township had only drawn down \$1,573,675. The Township is financing these costs through a tax millage.

<u>Year</u>	<u>Interest Due</u>		<u>Principal Due</u>		<u>Total Requirements</u>
	<u>January 14</u>	<u>July 14</u>	<u>January 14</u>	<u>July 14</u>	
2008	\$12,598	\$10,144	\$105,428	\$107,883	\$236,053
2009	7,634	5,064	110,393	112,963	236,054
2010	<u>2,436</u>	<u>-</u>	<u>104,655</u>	<u>-</u>	<u>105,091</u>
	<u>\$22,668</u>	<u>\$15,208</u>	<u>\$320,476</u>	<u>\$220,846</u>	<u>\$579,198</u>

Note 8 Property Taxes

The Township bills and collects its own property taxes and also taxes for the County of Monroe, Monroe Public Schools, Ida Public Schools, Monroe County Community College, and the Monroe County Intermediate School District. Collections are accounted for in the Tax Collection Agency Fund. The Township levied, on December 1, 2006, 3.7301 mills for general operating due and payable on February 14, 2007. The valuation for real and personal property totaled \$421,729,258 which was based on December 31, 2006 assessments.

The taxes receivable of \$7,164,260 and the \$9,257,122 liability to the taxing authorities reflected in the Tax Collection Agency Fund relate to the December 2007 tax bills. The Township's share of these taxes will be reflected as revenues in 2008.

Note 9 Employee's Pension Plan

The Township is a member of the Michigan Townships Association pension plan through Manufacturers Life Insurance Company, Toronto, Canada. All full time and permanent employees and all elected officials are eligible for participation upon employment with 100% vesting after two years of continuous employment. The Township, which contributes 10% of eligible wages, contributed \$64,460 in 2007. Employees may make voluntary contributions to the plan. The Township has no liability beyond its own contribution. The covered payroll for the year was \$644,460 out of a total payroll of \$896,771.

Note 10 Michigan Unemployment

On May 16, 1974, Governor Milliken signed into law enrolled Senate Bill 741, which is known as Act No. 104 of the Public Acts of 1974. The provisions of this Act subject political subdivisions to the Michigan Employment Security Act effective January 1, 1975. The Township has elected to make reimbursement payments rather than to pay contributions as a contributing employer. As of December 31, 2007, no reserve has been established for this contingent liability.

MONROE CHARTER TOWNSHIP

Notes to Financial Statements *Year Ended December 31, 2007*

Note 11 Accumulated Compensated Absences

As of December 31, 2003, any sick time became "banked sick days." Banked sick time can only be used after current sick time has been exhausted. Employees will receive a banked sick day compensation payment at one-half rate for the total accumulated sick days at the regular hourly rate in effect at the date of resignation or dismissal. Banked sick days are accrued in the government-wide financial statements. The liability as of December 31, 2007, for banked sick days totaled approximately \$19,091. In the fund financial statements, these accounts are reported when paid.

Note 12 Joint Venture

The Monroe Charter Township is a member of the Monroe Metropolitan Water Pollution Control System. Monroe Charter Township, Frenchtown Township, and the City of Monroe each appoint two members and the County of Monroe appoints one member to the joint venture's seven member governing board, which approves the annual budget. The following is the financial information of the joint venture, obtained from their financial report, as of June 30, 2007:

Total assets	\$20,976,160
Total liabilities	582,371
Total net assets	20,393,789
Total revenues	6,246,869
Total operating expenses	5,851,499
Total transfers out	32,789
Increase in system equity	362,581

The operations of the joint venture are performed by the employees of the City of Monroe. Therefore, the City is liable for all related employee commitments and is then reimbursed by the joint venture.

Monroe Charter Township's investment in the joint venture is based on the capacity of the treatment facilities. Monroe Charter Township's capacity of the treatment facilities is 23.798%.

Complete financial statements for the Monroe Metropolitan Water Pollution Control System can be obtained from the City of Monroe Finance Department, 120 East First Street, Monroe, MI 48161.

The change in the joint venture is shown in the Statement of Activities under business-type activities.

MONROE CHARTER TOWNSHIP

Notes to Financial Statements *Year Ended December 31, 2007*

Note 13 Contract to Develop, Lease, and Return Property

P & W, a partnership formed by David Phipps and Gary Whitener, has entered into an agreement with Monroe Charter Township to lease township property to develop and build an eighteen hole golf course. Beginning on the December 1st after the first full season of an eighteen-hole golf play, P & W will pay Monroe Township an annual fee plus a percentage of the gross receipts as follows:

	<u>Annual Fee</u>	<u>Percentage of Gross Receipts</u>
Years 1 & 2	\$ 5,000	0%
Years 3, 4, 5, & 6	5,000	1%
Years 7, 8, 9, & 10	10,000	2%
Years 11, 12, 13, 14, & 15	15,000	3%
Years 16, 17, 18, 19, & 20	20,000	4%
Years 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, & 36	30,000	5%

During 2007, Monroe Charter Township received \$23,678 for the ninth year's annual fee and percentage of gross receipts.

At the time the lease expires, the Township will pay P & W the sum of one dollar for land improvement and buildings but not to include any personal property equipment.

Note 14 Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions and employee injuries (workman's compensation). The Township has purchased commercial insurance for property loss, torts, errors, omissions and employee injuries.

MONROE CHARTER TOWNSHIP

*General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Positive (Negative) Budget
	Original	Final		
Revenues				
Taxes, special assessments, and tap fees:				
Current tax collection	\$1,591,002	\$1,588,551	\$1,589,255	\$704
Trailer park taxes	9,600	9,236	9,072	(164)
	<u>1,600,602</u>	<u>1,597,787</u>	<u>1,598,327</u>	<u>540</u>
Licenses and permits:				
Business licenses and permits	55,000	50,000	58,772	8,772
Non-business licenses and permits	95,000	66,655	65,655	(1,000)
Elec/plumbing/mech permits	85,000	50,322	50,196	(126)
Monitoring fees	50,000	46,109	48,028	1,919
Zoning permit fees	2,200	1,850	1,747	(103)
	<u>287,200</u>	<u>214,936</u>	<u>224,398</u>	<u>9,462</u>
State grants:				
State shared revenue	990,000	973,000	972,901	(99)
Metro Act revenue	6,200	6,200	6,171	(29)
	<u>996,200</u>	<u>979,200</u>	<u>979,072</u>	<u>(128)</u>
Charges for services:				
Penalties and interest on tax	6,000	13,104	13,104	0
Zoning board of appeals fees	4,200	3,230	3,080	(150)
Fines and forfeits	4,000	941	941	0
	<u>14,200</u>	<u>17,275</u>	<u>17,125</u>	<u>(150)</u>
Interest	130,000	211,500	218,409	6,909
Other revenue:				
Lease on township property	27,000	23,678	23,678	0
Other revenue	52,900	48,160	47,930	(230)
	<u>79,900</u>	<u>71,838</u>	<u>71,608</u>	<u>(230)</u>
Total Revenues	<u>3,108,102</u>	<u>3,092,536</u>	<u>3,108,939</u>	<u>16,403</u>
Expenditures				
Legislative:				
Township board	76,252	76,252	63,918	12,334
General government:				
Supervisor	87,261	87,261	82,491	4,770
Elections	46,700	14,700	7,613	7,087
Audit	21,000	18,500	18,490	10
Assessor	97,041	97,041	85,931	11,110
Legal fees	91,000	91,000	90,463	537
Clerk	149,066	149,066	148,049	1,017
Board of review	1,550	1,550	1,397	153
Treasurer	111,224	111,224	94,026	17,198
Township hall and grounds	134,600	134,600	120,715	13,885
Cemetery	14,500	14,500	4,913	9,587
General administration	111,000	111,000	61,765	49,235
Building department	196,271	190,271	164,270	26,001
	<u>1,061,213</u>	<u>1,020,713</u>	<u>880,123</u>	<u>140,590</u>

MONROE CHARTER TOWNSHIP

*General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Positive (Negative) Budget
	Original	Final		
Expenditures (Concluded)				
Public safety:				
Police department	\$120,000	\$120,000	\$99,123	\$20,877
Fire department	387,732	419,732	386,756	32,976
Zoning enforcement	63,339	69,339	63,330	6,009
	<u>571,071</u>	<u>609,071</u>	<u>549,209</u>	<u>59,862</u>
Public works:				
Engineering	18,000	18,000	9,558	8,442
Roads and drains	45,000	32,000	30,620	1,380
	<u>63,000</u>	<u>50,000</u>	<u>40,178</u>	<u>9,822</u>
Culture and recreation:				
Parks and recreation	78,050	64,950	37,570	27,380
	<u>78,050</u>	<u>64,950</u>	<u>37,570</u>	<u>27,380</u>
Capital outlay	120,748	800	799	1
Debt service	0	32,730	32,730	0
Other:				
Employee benefits:				
Hospitalization insurance	224,000	229,370	229,070	300
Life insurance	12,000	11,750	8,913	2,837
Vision insurance	0	250	236	14
Dental insurance	25,000	25,000	22,454	2,546
Short and long term disability	8,500	8,500	6,380	2,120
Retirement	68,500	68,500	64,460	4,040
Social security	71,500	71,500	68,506	2,994
General insurance	88,430	88,430	68,694	19,736
Unemployment insurance	2,500	2,500	0	2,500
Contingency	50,000	0	0	0
	<u>550,430</u>	<u>505,800</u>	<u>468,713</u>	<u>37,087</u>
Total Expenditures	<u>2,520,764</u>	<u>2,360,316</u>	<u>2,073,240</u>	<u>287,076</u>
Excess (Deficiency) of Revenues Over Expenditures	587,338	732,220	1,035,699	303,479
Other Financing Sources (Uses)				
Operating transfers in	0	700,000	700,000	0
Operating transfers out	(708,086)	(2,147,146)	(2,147,146)	0
Total Other Financing Sources (Uses)	<u>(708,086)</u>	<u>(1,447,146)</u>	<u>(1,447,146)</u>	<u>0</u>
Net Change in Fund Balance	<u>(120,748)</u>	<u>(714,926)</u>	<u>(411,447)</u>	<u>303,479</u>
Fund Balance - Beginning of year	<u>1,514,741</u>	<u>1,737,645</u>	<u>1,737,645</u>	<u>0</u>
Fund Balance - End of year	<u>\$1,393,993</u>	<u>\$1,022,719</u>	<u>\$1,326,198</u>	<u>\$303,479</u>

MONROE CHARTER TOWNSHIP

*Central Sewer Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Special assessments and tap fees	\$60,000	\$35,000	\$23,750	(\$11,250)
Interest	<u>125,100</u>	<u>150,100</u>	<u>174,622</u>	<u>24,522</u>
Total Revenues	185,100	185,100	198,372	13,272
Expenditures				
Engineering	0	10,000	5,300	4,700
Construction	0	150,000	144,249	5,751
Other	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
	<u>1,000</u>	<u>161,000</u>	<u>149,549</u>	<u>11,451</u>
Net Change in Fund Balance	184,100	24,100	48,823	24,723
Fund Balance - Beginning of year	<u>3,303,632</u>	<u>3,303,632</u>	<u>3,343,902</u>	<u>40,270</u>
Fund Balance - End of year	<u><u>\$3,487,732</u></u>	<u><u>\$3,327,732</u></u>	<u><u>\$3,392,725</u></u>	<u><u>\$64,993</u></u>

MONROE CHARTER TOWNSHIP

*Park and Recreation Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Other revenue:				
Contributions for local units	\$100,000	\$100,000	\$619,900	\$519,900
Other	<u>0</u>	<u>220</u>	<u>220</u>	<u>0</u>
Total Revenue	100,000	100,220	620,120	\$19,900
Expenditures				
Capital outlay	<u>336,685</u>	<u>2,408,338</u>	<u>2,711,336</u>	<u>(302,998)</u>
Excess (Deficiency) of Revenues Over Expenditures	(236,685)	(2,308,338)	(2,091,216)	216,902
Other Financing Sources				
Operating transfers in	<u>130,000</u>	<u>2,100,000</u>	<u>2,100,000</u>	<u>0</u>
Net Change in Fund Balance	(106,685)	(208,338)	8,784	216,902
Fund Balance - Beginning of year	<u>106,685</u>	<u>208,118</u>	<u>208,117</u>	<u>(1)</u>
Fund Balance - End of year	<u><u>\$0</u></u>	<u><u>(\$220)</u></u>	<u><u>\$216,901</u></u>	<u><u>\$216,901</u></u>

MONROE CHARTER TOWNSHIP

*Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2007*

	<u>Special Revenue Funds</u>			
	<u>Emergency Revolving</u>	<u>Street Light</u>	<u>Water District #68</u>	<u>Water District #69</u>
Assets				
Cash and cash equivalents	\$26,337	\$3,571	\$40,450	\$50,472
Certificate of deposits	0	0	0	0
Receivables:				
Special assessments	0	0	16,005	56,483
Accounts and accrued interest	0	0	1,280	2,852
Due from other governmental units	0	0	0	0
Total Assets	<u>\$26,337</u>	<u>\$3,571</u>	<u>\$57,735</u>	<u>\$109,807</u>
Total Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$0	\$1,491	\$0	\$0
Deferred revenue	0	0	14,085	52,953
Total Liabilities	0	1,491	14,085	52,953
Fund Balances				
Reserved for debt service	0	0	0	0
Designated for emergencies	26,337	0	0	0
Unreserved - undesignated	0	2,080	43,650	56,854
Total Fund Balances	<u>26,337</u>	<u>2,080</u>	<u>43,650</u>	<u>56,854</u>
Total Liabilities and Fund Balances	<u>\$26,337</u>	<u>\$3,571</u>	<u>\$57,735</u>	<u>\$109,807</u>

Debt Service Funds				Capital Project Funds		Total Nonmajor Governmental Funds
Special Assessment Water District #47	Special Assessment Water District #64	Special Assessment Water District #65	Special Assessment Water District #67	Fire and Safety	Roads	
\$24,645 0	\$15,366 0	\$94,291 0	\$12,308 0	\$468,201 0	\$131,488 87,538	\$867,129 87,538
60,918 0 0	44,703 514 6,734	33,909 1,967 41,609	8,823 512 0	0 0 0	0 328 0	220,841 7,453 48,343
<u>\$85,563</u>	<u>\$67,317</u>	<u>\$171,776</u>	<u>\$21,643</u>	<u>\$468,201</u>	<u>\$219,354</u>	<u>\$1,231,304</u>
\$0 60,918	\$0 50,552	\$0 72,179	\$0 8,022	\$20,140 0	\$32,858 0	\$54,489 258,709
60,918	50,552	72,179	8,022	20,140	32,858	313,198
24,645 0 0	16,765 0 0	99,597 0 0	13,621 0 0	0 0 448,061	0 0 186,496	154,628 26,337 737,141
<u>24,645</u>	<u>16,765</u>	<u>99,597</u>	<u>13,621</u>	<u>448,061</u>	<u>186,496</u>	<u>918,106</u>
<u>\$85,563</u>	<u>\$67,317</u>	<u>\$171,776</u>	<u>\$21,643</u>	<u>\$468,201</u>	<u>\$219,354</u>	<u>\$1,231,304</u>

MONROE CHARTER TOWNSHIP

*Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2007*

	Special Revenue Funds			
	Emergency Revolving	Street Light	Water District #68	Water District #69
Revenues				
Special assessments	\$0	\$127,972	\$3,651	\$3,530
Interest and penalties	0	0	1,384	2,853
Contributions for local units	0	0	0	0
Other revenue	0	594	0	0
Total Revenues	0	128,566	5,035	6,383
Expenditures				
Public works	0	126,486	0	0
Capital projects	0	0	0	0
Debt Service	0	0	0	0
Total Expenditures	0	126,486	0	0
Excess (Deficiency) of Revenues Over Expenditures	0	2,080	5,035	6,383
Other Financing Sources (Uses)				
Operating transfers in	0	0	0	0
Operating transfers out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	0	2,080	5,035	6,383
Fund Balances - Beginning of year	26,337	0	38,615	50,471
Fund Balances - End of year	\$26,337	\$2,080	\$43,650	\$56,854

Debt Service Funds				Capital Project Funds		Total Nonmajor Governmental Funds
Special Assessment Water District #47	Special Assessment Water District #64	Special Assessment Water District #65	Special Assessment Water District #67	Fire and Safety	Roads	
\$0	\$1,265	\$15,453	\$802	\$0	\$0	\$152,673
161	683	3,558	646	0	4,365	13,650
0	0	0	0	13,125	0	13,125
0	0	0	0	5,457	311	6,362
161	1,948	19,011	1,448	18,582	4,676	185,810
0	0	0	0	0	0	126,486
0	0	0	0	273,473	236,720	510,193
0	3,539	8,681	2,499	0	0	14,719
0	3,539	8,681	2,499	273,473	236,720	651,398
161	(1,591)	10,330	(1,051)	(254,891)	(232,044)	(465,588)
0	0	0	0	47,146	0	47,146
0	0	0	0	0	(700,000)	(700,000)
0	0	0	0	47,146	(700,000)	(652,854)
161	(1,591)	10,330	(1,051)	(207,745)	(932,044)	(1,118,442)
24,484	18,356	89,267	14,672	655,806	1,118,540	2,036,548
\$24,645	\$16,765	\$99,597	\$13,621	\$448,061	\$186,496	\$918,106

MONROE CHARTER TOWNSHIP

Emergency Revolving Fund Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual Year Ended December 31, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Other revenue	\$0	\$0	\$0	\$0
Expenditures				
Public safety	1,500	1,500	0	1,500
Net Change in Fund Balance	(1,500)	(1,500)	0	(1,500)
Fund Balance - Beginning of year	25,209	25,209	26,337	1,128
Fund Balance - End of year	<u>\$23,709</u>	<u>\$23,709</u>	<u>\$26,337</u>	<u>(\$372)</u>

MONROE CHARTER TOWNSHIP

Street Light Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Special assessments	\$112,545	\$128,000	\$127,972	(\$28)
Other revenue	<u>0</u>	<u>595</u>	<u>594</u>	<u>(1)</u>
Total Revenue	112,545	128,595	128,566	(29)
Expenditures				
Public works:				
Street light utility bills	<u>112,545</u>	<u>128,000</u>	<u>126,486</u>	<u>1,514</u>
Net Change in Fund Balance	0	595	2,080	1,485
Fund Balance - Beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - End of year	<u>\$0</u>	<u>\$595</u>	<u>\$2,080</u>	<u>\$1,485</u>

MONROE CHARTER TOWNSHIP

*Water District #68 Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Special assessments	\$3,492	\$3,651	\$3,651	\$0
Interest	0	1,385	1,384	(1)
Total Revenue	3,492	5,036	5,035	(1)
Expenditures				
Debt service	0	0	0	0
Net Change in Fund Balance	3,492	5,036	5,035	(1)
Fund Balance - Beginning of year	<u>35,123</u>	<u>35,123</u>	<u>38,615</u>	<u>3,492</u>
Fund Balance - End of year	<u>\$38,615</u>	<u>\$40,159</u>	<u>\$43,650</u>	<u>\$3,491</u>

MONROE CHARTER TOWNSHIP

Water District #69 Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Special assessments	\$3,530	\$3,530	\$3,530	\$0
Interest	3,031	3,031	2,853	(178)
Total Revenues	6,561	6,561	6,383	(178)
Expenditures				
Debt service	0	0	0	0
Net Change in Fund Balance	6,561	6,561	6,383	(178)
Fund Balance - Beginning of year	50,650	50,650	50,471	(179)
Fund Balance - End of year	<u>\$57,211</u>	<u>\$57,211</u>	<u>\$56,854</u>	<u>(\$357)</u>

MONROE CHARTER TOWNSHIP

*Fire and Safety Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Contribution from local units	\$0	\$13,125	\$13,125	\$0
Other	<u>0</u>	<u>5,600</u>	<u>5,457</u>	<u>(143)</u>
Total Revenues	0	18,725	18,582	(143)
Expenditures				
Capital projects	<u>294,200</u>	<u>289,054</u>	<u>273,473</u>	<u>15,581</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(294,200)</u>	<u>(270,329)</u>	<u>(254,891)</u>	<u>15,438</u>
Other Financing Sources				
Operating transfers in	<u>120,000</u>	<u>47,146</u>	<u>47,146</u>	<u>0</u>
Net Change in Fund Balance	(174,200)	(223,183)	(207,745)	15,438
Fund Balance - Beginning of year	<u>603,202</u>	<u>655,806</u>	<u>655,806</u>	<u>0</u>
Fund Balance - End of year	<u>\$429,002</u>	<u>\$432,623</u>	<u>\$448,061</u>	<u>\$15,438</u>

MONROE CHARTER TOWNSHIP

Roads Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Interest income	\$2,307	\$3,500	\$4,365	\$865
Other	0	300	311	11
Total Revenues	2,307	3,800	4,676	876
Expenditures				
Engineering	70,000	45,000	48,238	(3,238)
Paving and drainage	1,248,000	300,554	188,080	112,474
Other	53,500	50,500	402	50,098
Total Expenditures	1,371,500	396,054	236,720	159,334
Excess (Deficiency) of Revenues Over Expenditures	(1,369,193)	(392,254)	(232,044)	160,210
Other Financing Sources				
Operating transfers in	425,353	0	0	0
Operating transfers out	0	(700,000)	(700,000)	0
Total Other Financing Sources (Uses)	425,353	(700,000)	(700,000)	0
Net Change in Fund Balance	(943,840)	(1,092,254)	(932,044)	160,210
Fund Balance - Beginning of year	944,321	1,118,506	1,118,540	34
Fund Balance - End of year	\$481	\$26,252	\$186,496	\$160,244

MONROE CHARTER TOWNSHIP

*Agency Funds
Combining Balance Sheet
Year Ended December 31, 2007*

	Agency General	Tax Collection	Eserow Accounts	Totals
Assets				
Cash	\$66,812	\$2,096,088	\$57,240	\$2,220,140
Receivables:				
Accounts	4,464	0	0	4,464
Taxes	<u>0</u>	<u>7,164,260</u>	<u>0</u>	<u>7,164,260</u>
Total Assets	<u>\$71,276</u>	<u>\$9,260,348</u>	<u>\$57,240</u>	<u>\$9,388,864</u>
 Liabilities				
Due to other governmental units	\$67,556	\$3,226	\$0	\$70,782
Due to taxing units	0	9,257,122	0	9,257,122
Due to property owners	0	0	57,240	57,240
Due to other local units	<u>3,720</u>	<u>0</u>	<u>0</u>	<u>3,720</u>
Total Liabilities	<u>\$71,276</u>	<u>\$9,260,348</u>	<u>\$57,240</u>	<u>\$9,388,864</u>

MONROE CHARTER TOWNSHIP

Agency Funds

Statement of Changes in Assets and Liabilities - All Agency Funds

Year Ended December 31, 2007

	Balance Dec. 31, 2006	Additions	Deductions	Balance Dec. 31, 2007
Assets				
Cash	\$1,774,432	\$14,155,821	\$13,710,113	\$2,220,140
Receivables:				
Accounts	5,445	4,464	5,445	4,464
Taxes	7,262,225	13,739,126	13,837,091	7,164,260
Total Assets	<u>\$9,042,102</u>	<u>\$27,899,411</u>	<u>\$27,552,649</u>	<u>\$9,388,864</u>
Liabilities				
Due to other governmental units	\$66,139	\$18,529,779	\$18,525,136	\$70,782
Due to taxing authorities	8,901,273	9,257,122	8,901,273	9,257,122
Due to property owners	69,557	68,563	80,880	57,240
Due to other local units	5,133	43,947	45,360	3,720
Total Liabilities	<u>\$9,042,102</u>	<u>\$27,899,411</u>	<u>\$27,552,649</u>	<u>\$9,388,864</u>

MONROE CHARTER TOWNSHIP

Agency Funds

Statement of Changes in Assets and Liabilities - All Agency Funds Year Ended December 31, 2007

Agency - General				
	Balance Dec. 31, 2006	Additions	Deductions	Balance Dec. 31, 2007
Assets				
Cash	\$62,797	\$1,097,804	\$1,093,789	\$66,812
Accounts receivable	5,445	4,464	5,445	4,464
Total Assets	<u>\$68,242</u>	<u>\$1,102,268</u>	<u>\$1,099,234</u>	<u>\$71,276</u>
Liabilities				
Due to other governmental units	\$63,109	\$1,058,321	\$1,053,874	\$67,556
Due to other local units	5,133	43,947	45,360	3,720
Total Liabilities	<u>\$68,242</u>	<u>\$1,102,268</u>	<u>\$1,099,234</u>	<u>\$71,276</u>
Tax Collection Fund				
Assets				
Cash	\$1,642,078	\$12,989,454	\$12,535,444	\$2,096,088
Taxes receivable	7,262,225	13,739,126	13,837,091	7,164,260
Total Assets	<u>\$8,904,303</u>	<u>\$26,728,580</u>	<u>\$26,372,535</u>	<u>\$9,260,348</u>
Liabilities				
Due to other governmental units	\$3,030	\$17,471,458	\$17,471,262	\$3,226
Due to taxing authorities	8,901,273	9,257,122	8,901,273	9,257,122
Total Liabilities	<u>\$8,904,303</u>	<u>\$26,728,580</u>	<u>\$26,372,535</u>	<u>\$9,260,348</u>

MONROE CHARTER TOWNSHIP

Agency Funds Statement of Changes in Assets and Liabilities - All Agency Funds Year Ended December 31, 2007

Escrow Accounts				
	Balance Dec. 31, 2006	Additions	Deductions	Balance Dec. 31, 2007
Assets				
Cash	<u>\$69,557</u>	<u>\$68,563</u>	<u>\$80,880</u>	<u>\$57,240</u>
Liabilities				
Due to property owners:				
Bond Escrows	\$10,350	\$1,012	\$712	\$10,650
Brown Development	0	73	73	0
Canterbury Farms	145	0	0	145
Carriage Homes	230	0	0	230
Charter Communications	386	0	0	386
Chirco/Cangialosi	0	23,197	21,461	1,736
Church of the Nazarene	0	1,120	1,020	100
Custer Ball	9,570	7,335	12,221	4,684
Cusumano's Plaza	507	0	280	227
David Hoffman - Fill Permit	0	100	0	100
Dixie Hwy Service Center	850	0	0	850
Thomas Dumas	2	0	2	0
Dunbar Estates	5	0	5	0
Enger Surveying & Engineering	2,274	0	0	2,274
Fifth Third Bank	728	0	728	0
FD Donations	1,952	0	1,952	0
First Church of Nazarene	2,256	9,514	8,995	2,775
Graves & Associates	565	0	565	0
Great Lakes Lands	472	0	0	472
Gross, Bill	576	0	576	0
Haynes Real Estate	78	0	0	78
Icon Building II	1,900	0	0	1,900
Kausler's Island	100	0	0	100
Kincead, Danny - Fill Permit	0	100	0	100
Kroger	1,414	4,126	4,695	845
Lighthouse Pointe	15	0	0	15
Lockwood Lake Estates	4,018	0	1,089	2,929
Lutheran Homes of Monroe	200	0	0	200
M & M Investments	847	0	0	847
McDonalds	20	0	0	20
Metro Resources - Odyssey	0	844	844	0
Michigan Gas	0	2,400	1,942	458

MONROE CHARTER TOWNSHIP

Index to Central Sewer and Water Districts

Year Ended December 31, 2007

Sewer District

Central Sewer

Water Districts

#47 Keegan and Albain Roads

#63 Harrison Street Watermain Extension

#64 Herr Road Watermain Extensions

#65 W. Albain Road Watermain Co-op

#66 Telegraph Road Watermain Extension

#67 Drummonds Court Watermain

#68 LaPlaisance Road

#69 Goutz Road Watermain

#70 Hull Road Watermain



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Certified Public Accountants

Township Board
Monroe Charter Township
Monroe County, Michigan

In planning and performing our audit of the financial statements of Monroe Charter Township as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, we identified the following deficiency in internal control that we consider to be a significant deficiency.

Financial Statements

The Township does not have procedures in place to prepare financial statements including the required financial statement disclosures in accordance with accounting principles generally accepted in the United States of America. As is the case with many smaller and medium-sized entities, the government has historically relied on independent external auditors to assist in the preparation of the government-wide financial statements and footnotes. As a result of this condition, the government lacks internal controls over the preparation of the financial statements in accordance with GAAP.

This communication is intended solely for the information and use of the Township Board, management, others within the Township and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Cooley Hehl Wohlgamuth & Carlton

March 3, 2008